IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

NATIONAL VAN LINES, a corporation,
Appellant,

vs.

ALFRED E. DEAN trading under the firm name of NATIONAL TRANSFER & STORAGE CO.,
Appellee.

1493

Appeal from the U. S. District Court for the Southern District of California—Central Division

APPELLANT'S BRIEF

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Appeal from the U. S. District Court for the Southern District of California—Central Division

APPELLANT'S BRIEF

I. STATEMENT

This appeal arises from an action for infringement of appellant's* registered service mark, for unfair competition and breach of contract. The lower court dismissed the complaint without comment, having adopted verbatim defendant's findings and conclusions. Plaintiff charges that its rights in the composite mark, NATIONAL, with vertical stripes, has been infringed by reason of appellee's* use of the composite mark, NATIONAL, with vertical stripes for identical services; namely, moving household goods by motor van. Plaintiff further charges that defendant's acts are a violation of the agreement which existed between the parties prior to February 20, 1950.

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* Hereafter, appellant will be referred to as plaintiff and appellee as defendant.

Plaintiff, NATIONAL VAN LINES, INC., is an Illinois corporation, engaged in the long distance moving of household goods by motor van throughout the entire United States. Defendant, Alfred E. Dean, operates under the firm name and style of National Transfer & Storage Co., and is also engaged in moving household goods by motor van in inter-state commerce. Both plaintiff and defendant are particularly active in the State of California.

For more than two decades plaintiff has identified itself by the composite mark comprising the word "NATIONAL" and a series of vertically disposed red and white stripes.* Defendant has also been in business for many years and has operated under several names. Defendant in November, 1944, adopted the name National Transfer & Storage Co., and at that time entered into an agency relationship with plaintiff. This agency relationship specified the use of plaintiff's advertising which included plaintiff's mark. The agency agreement was terminated February 20, 1950. Late in 1949, just before the termination of the agency relationship, defendant, in addition to using the mark dominated by the word NATIONAL, also adopted a series of vertically disposed red and white stripes* (R. 234-5).

Plaintiff obtained two United States registrations.* The first registration, No. 548,018, comprised its entire name in conjunction with the vertical red and white stripe. *This registration disclaimed all matter but the word NATIONAL and the stripes.* The second registration, No. 563,950, was for the name NATIONAL VAN LINES, INC. only, disclaiming all words but NATIONAL. Both registrations are limited to the service of transporting goods by motor van. Both were obtained under the broad provi-

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* Reproduced at the end of this brief.

sions of the principal register of the new Lanham Trademark Act of 1946.

There was no contest with respect to jurisdiction. Plaintiff urges that the lower court and this court have jurisdiction under 28 USCA Section 1338* and 15 USCA, Section 1121.** In the complaint, plaintiff alleges infringement and unfair competition under the trademark laws of the United States and that there is diversity of citizenship and that the amount involved exceeds the sum of $3,000.00. The record supports these averments.

II. ABSTRACT OF THE CASE

Plaintiff's business which is confined to the moving and storage of household goods, was started by its predecessor about 1928. Corporate plaintiff was organized in 1934 at which time it took over all assets of its predecessor (R. 75). NATIONAL has been used prominently as the dominant part of plaintiff's name from the very start in 1928; however, in 1930 plaintiff adopted the composite mark comprising NATIONAL with vertical stripes. Ever since this early period plaintiff always used the composite mark NATIONAL with the vertical stripes in a very prominent manner for all phases of its business (R. 75). Plaintiff's business soon became nationwide in scope and it so operated for many years. It has agents throughout the United States (R. 77, 80). The greatest portion of its business originates in California (R. 77).

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* "(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

** "The district and territorial courts of the United States shall have original jurisdiction, the circuit courts of appeal of the United States and the United States Court of Appeals for the District of Columbia shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties. July 5, 1946, c. 541, Title VI, Section 39, 60 Stat. 440."

Defendant began operating under the name NATIONAL TRANSFER & STORAGE in 1944 when he entered into a sales agency relationship with plaintiff (R. 220). Under the terms of the agency agreement both parties worked closely together. Defendant, of course, used plaintiff's advertising material under the agreement.

In February, 1950, defendant suddenly cancelled the agency agreement. Notwithstanding this cancellation, defendant continued to trade upon plaintiff's reputation and good will which it previously shared under the agreement as an authorized sales agent. Demands upon defendant to discontinue use of plaintiff's composite mark were refused.

Late in 1949 when defendant was preparing to cancel its sales agency agreement, under which it had been operating with plaintiff since 1944, he adopted a series of vertical stripes to use with "NATIONAL" as a composite mark. Previously, defendant hadn't used such vertical stripes (R. 12-20, 234-5).

As a result of these actions by defendant, there were numerous instances of confusion and some palming off. The evidence demonstrates how customers who had dealt with defendant wrote or phoned plaintiff about various matters concerning service. Many of these communications were complaints intended for defendant although directed to plaintiff. Several witnesses testified as to this confusion.*

The record abounds with testimony and exhibits showing how extensively plaintiff advertised its services, spending several hundred thousand dollars advertising its services under the mark here in issue. This advertising was channelled through every useable media such as direct mail, magazines, radio, television and the like. Plaintiff

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* The confusion evidence is summarized later in a special section.

also used its mark extensively in connection with its equipment. It appears on uniforms of its employees, packing boxes, blankets, barrels, trucks and the like (R. 82, 102).

Since the Lanham Act, plaintiff acquired two federal registrations. Consequently it enjoys the broadest possible registration rights. Notwithstanding a few variations, practically all of the evidence shows that plaintiff's mark and trade name comprise the inseparable combination, NATIONAL with vertical stripes, for which it obtained registration (Ex. 1-4, R. 78, 79).

Defendant acknowledges the sales agency agreement and that he operated under it until he cancelled in 1950. Defendant also admitted that prior to the time he terminated the sales agency agreement he negotiated for a new agency with Republic Van Lines, a coast-to-coast competitor of plaintiff (R. 236-8). There is no dispute about the fact that defendant continued to use NATIONAL as a dominant part of its mark or trade name and that just prior to termination of the sales agency agreement defendant added the vertical stripe design to its trade name and then continued to use the composite mark NATIONAL with vertical stripes.

Notwithstanding the attempt by defense counsel at the trial to characterize "NATIONAL" and "the vertical stripes" as merely descriptive, defendant himself freely admitted that he used NATIONAL with the vertical stripes *as a mark.* Upon discovery deposition he was asked:

> "Q. What was the occasion for adopting this design (vertical stripes) along with the name (NATIONAL)?"

In reply he said:

> "A. Oh, my feeling that it added a lot of trademark value and I think that practically every company has some sort of trademark to identify their service." (R. 407).

Defendant does not dispute that he uses NATIONAL with vertical stripes as a trademark. Nevertheless, his counsel directs his defense entirely to challenging the validity of plaintiff's mark. There is no dispute that the marks are used for identical services, or that plaintiff has prior use by some 20 years.

Defendant has introduced testimony and many exhibits (subject to plaintiff's objections), all apparently directed to establishing that there is no mark significance in "NATIONAL" and that there is no mark significance in the vertical stripes. Defendant's evidence abounds with pages of telephone directories, reports on trademark registrations and similar material, which show use of "NATIONAL" as a mark or a name for every conceivable type of product or service. Evidence of the same character is of record showing that vertical stripes are old and have been repeatedly used as marks or parts of names for all types of products and services. The word "NATIONAL" and the "vertical stripe design" have long been recognized as good marks. Plaintiff and defendant do not use NATIONAL or the stripes separately. *They are always used together to make a composite mark.*

Defendant on cross examination admitted that confusion existed (R. 242-3, 438-9).

Defendant has recently acquired Commerce Commission rights previously owned by Knowles Van Lines which now also enables defendant to operate substantially from coast to coast in complete competition with plaintiff (R. 243-4, 248).

In summarizing this abstract of the evidence, attention is especially invited to the fact that this action is different from the usual cases in this field because:

1. Both plaintiff and defendant use the composite mark

NATIONAL with vertical stripes in a substantially identical manner;

2. Both plaintiff and defendant are engaged in identical businesses, namely, moving household goods by motor van;

3. There is no dispute as to plaintiff's first use of the composite mark NATIONAL with stripes, as plaintiff began using this mark some twenty years prior to defendant;

4. Plaintiff enjoys broadest rights obtainable under United States registrations. (Defendant has no registrations.)

This leaves only one basic issue; namely, whether plaintiff's mark is so weak and so restricted as to preclude relief against defendant notwithstanding the deliberateness of his acts which have resulted in confusion in the trade and facilitated palming off defendant's services as plaintiff's.

III. SPECIFICATION OF ERRORS

Heretofore plaintiff has specified for the transcript a summary of the errors which it urges (R. 495-7). These are as follows:

1. The lower court erred in failing to rule upon the validity of appellant's composite mark NATIONAL with vertical stripes and the registrations therefor.

2. The lower court erred in failing to find that appellant's registered composite mark, NATIONAL, with vertical stripes, was infringed by appellee's use of the composite mark, NATIONAL, with vertical stripes, both being applied to identical services; namely, moving household goods by motor van.

3. The lower court erred in failing to take cognizance of the fact that much confusion resulted from appellee's use of a mark which was for all practical purposes sub-

stantially identical to appellant's mark, both used to designate identical services, and that appellant has substantial prior rights.

4. The lower Court erred in failing to find that both appellant and appellee adopted the composite mark NATIONAL with vertical stripes as a distinctive name or mark to identify their respective businesses, namely, the service of moving household goods by motor van.

5. The lower court erred in failing to take cognizance of the fact that appellee, who began by using NATIONAL as his mark without a design, later, when sharp competition developed with appellant, deliberately added a vertical stripe design simulating appellant's composite mark comprising NATIONAL with vertical stripes.

6. The lower court erred in admitting evidence offered by appellee as to alleged third party use of similar marks.

7. The lower court erred in failing to find that appellee, who was once appellant's licensed sales agent, breached the covenants of his license with respect to use of names upon termination of the license.

8. The lower court erred in failing to award appellant an accounting for damages and profits by reason of appellee's infringement and unfair competition.

The foregoing specification of errors will be fully developed in the argument section.

IV. PROCEEDINGS BEFORE THE LOWER COURT

It is believed that this court will be interested in a chronological summary of the proceedings before the lower court.

Nov. 26, 1952 Plaintiff filed its complaint.

Mar. 25, 1953	Three months later defendant filed its first motion to dismiss the complaint or in the alternative, asked for more definite statement.
Apr. 23, 1953	Plaintiff filed a brief amendment to its complaint.
May 11, 1953	Defendant filed its second motion to dismiss.
Dec. 31, 1953	The court entered an order denying defendant's second motion to dismiss.
Feb. 3, 1954	Defendant filed its first answer. *This was some 15 months after plaintiff filed its complaint.*
June 15, 1954	The court held a pre-trial hearing.
Oct. 4, 1954	Defendant filed an amended answer.
Dec. 17, 18, 1954	The case was tried.
June 21, 1955	Counsel received the following memorandum from the Clerk of the Court:

"Re: National Van Lines, Inc., vs. Alfred E. Dean, etc., Case No. 14, 783-T Civil.

Gentlemen:

Please be advised a minute order has been entered in the above-entitled matter, this date, upon the direction of Judge Tolin, that the court finds in favor of the defendant and orders judgment accordingly, counsel for the defendant to prepare findings of fact and conclusions of law and judgment under Local Rule 7, and to have judgment for costs.

Very truly yours,

JOHN A. CHILDRESS, Clerk

By WM. A. WHITE, Deputy Clerk."

Oct. 19, 1955	Counsel received the following memorandum:

"Re: National Van Lines, Inc., v. Dean, etc.
No. 14783-T

You are hereby notified that judgment has been docketed and entered this day in the above entitled case herein.

Dated: Los Angeles, California,
October 19, 1955

Clerk, U. S. District Court

By
C. A. Simmons, Deputy Clerk"

In response to the clerk's memorandum of June 21, 1955, defendant promptly filed Findings of Fact, Conclusions of Law and Judgment. (R. 52-61).

Plaintiff then filed proposed alternate Findings and Conclusions with a brief supporting memorandum (R. 41-52).

It will be noted that the court entered the Findings and Conclusions of defendant exactly as submitted and without comment, notwithstanding plaintiff's memorandum inviting attention to inaccuracies and incompleteness in many respects of defendant's proposed findings (R. 46-52).

Attention is also invited to the fact that during the trial, after substantial evidence had been presented, the court said:

"Now I will tell you and Mr. Groen (plaintiff's counsel) what my tentative thought is about it. It seems to me that defendant by the use of his 'National Transfer & Storage' has prima facie infringed 'National Van Lines' because of the direct competition. And there has been some evidence of confusion already." (R. 138-9.)

In view of the foregoing statement of the court about infringement and confusion, and the fact that the record is replete with instances of confusion, it is very surprising

that the court should later accept the findings as proposed by defendant, especially findings 20 and 21 (R. 59).*

These findings are clearly contrary to the record and indeed the court's own prior pronouncement.

The lower court also failed to rule upon plaintiff's objections to much of defendant's evidence. The major portion of defendant's evidence comprised testimony and exhibits as to alleged uses by strangers to this action of NATIONAL marks and vertical stripes marks. According to many decisions such evidence is not admissible, as alleged wrongs by others cannot justify defendant's wrong.

V. ARGUMENT

A. Summary

This action is based upon the United States trademark laws, particularly 15 U.S.C.A. 1114 (1) and the general law of unfair competition. The pertinent portion of the statute with respect to infringement provides:

> "Any person who shall, in commerce, (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, *or colorable imitation* of any regis-

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* "20. Defendant has not committed any act designed or intended to palm off his services as those of plaintiff, or any act intended or designed to deceive, mislead or create any confusion in the mind of the public, but, on the contrary, defendant in good faith and with plaintiff's knowledge and acquiescence, adopted and built up his own business under the descriptive name 'National Transfer & Storage Co.' and said map symbol, and in so doing has made only fair and lawful use of the generic words comprising said name.

"21. Other than possible isolated instances of confusion which might be expected to result among careless observers from the fair and truthful use by plaintiff and defendant, as well as many other transfer companies, of purely descriptive names having a common geographical prefix, there is no likelihood of any confusion occurring in the public mind as between plaintiff and defendant or their services."

> tered mark in connection with the sale, offering for sale, or advertising of any goods or *services* on or in connection with which such use is *likely to cause confusion or mistake* or to deceive purchasers as to the source of origin of such goods * * * *shall be liable* to a civil action by the registrant for any or all of the remedies hereinafter provided." (Emphasis supplied)

Plaintiff has complied fully with the statutory requirements for registration and is entitled to enjoy all the rights conferred thereby (Ex. 3, 3a, 4 and 4a, R. 9-12).

With respect to plaintiff's exclusive right to use its registered mark, attention is invited to the pertinent portion of 15 U.S.C.A., 1115(a), which states:

> "Any certificate of registration issued under * * * the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and *shall be prima facie evidence of registrant's exclusive right to use the registered mark* in commerce on the goods or *services* specified in the certificate subject to any conditions or limitations stated therein * * *." (Emphasis supplied.)

Plaintiff charges infringement of its composite mark and its two federal registrations covering this mark which comprises NATIONAL with the vertical stripes, specifically limited to services involving the transportation of goods by motor van. These registrations* exist under the Trademark Act of 1946.

During the trial defendant made various attempts to attack these registrations. Its evidence, however, (if admissible) was apparently even in defendant's opinion, weak because defendant did not even suggest to the lower court that there should be findings or conclusions holding the

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* Reproduced at the end of this brief.

trademarks and registrations invalid. The court consequently did not dispose of the issue of validity.

It is of course elementary that there is a very heavy burden upon the one attacking the validity of a registration, and that federal registration establishes prima facie validity, ownership and the exclusive right to use the mark. These principles have been recognized by an impressive line of authorities. The controlling statute provides:

> "A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate, subject to any conditions and limitations stated therein" (15 U.S.C. 1057b).

Among the leading authorities which have consistently enunciated these principles are the following:

Barbasol Co. v. *Jacobs,* 160 F. 2d, 336 (C.C.A. 7).

Weiner, et al. v. *National Tinsel Mfg. Co.,* 123 F. 2d, 96, 98 (C.C.A. 7).

Hemmeter Cigar Co. v. *Congress Cigar Co., Inc.,* 118 F. 2d 64, 68 (C.C.A. 6).

Feil v. *American Serum Co.,* 8 Cir., 16 F. 2d 88, 89 (C.C.A. 8).

Hygienic Products Co. v. *Judson Dunaway Corporation,* 81 Fed. Supp. 935. (N.H.)

Vickers, Inc. v. *Fallon,* D. C. 48 F. Supp. 221 (D.C. Michigan).

Coca-Cola Co. v. *Dixi-Cola Laboratories, Inc.,* 31 F. Supp. 835, 842 (D.C. Maryland).

Grove Laboratories v. *Brewer & Co.,* 1939, 103 F. 2d 175 (C.C.A. 1).

Plaintiff has created vast good will in the composite mark NATIONAL with vertical stripes at great expense. Such good will can be defined as the collective friendliness toward a particular class of articles or services which the public by faith or experience believes to be good. In this instance that good will vests in the composite mark NATIONAL with vertical stripes, of which plaintiff is the unquestioned owner by reason of its first use of the mark and subsequent registration. *Hanover Star Milling Company* v. *Metcalfe,* 240 U.S. 403, 15 U.S.C.A. 1115.

Courts of equity have consistently protected marks and the good will established in them on the theory that one is not allowed to offer his goods or services for sale or to palm off such goods or services as those of another.

> *McLean* v. *Fleming,* 96 U.S. 245.
>
> *Hanover Star Milling Company* v. *Metcalfe,* 240 U.S. 403.
>
> *Mishawaka Rubber and Woolen Mfg. Co.* v. *The S. S. Kresge Co.,* 316 U.S. 203.
>
> *Stork Club* v. *Shahati,* 166 F. 2d, 348 (C.C.A. 9).
>
> *Lane Bryant, Inc.* v. *Maternity Lane, Ltd. of California,* 173 F. 2d, 559 (C.C.A. 9).
>
> *North American Aircoach* v. *North American Aviation,* 107 P.Q. 68 (C.C.A. 9).
>
> *National Lead Co.* v. *Wolfe,* 223 F. 2d 195 (C.C.A. 9th).

In the Mishawaka case at page 205, Justice Frankfurter, speaking for the court, aptly summarized the general principle as follows:

> "The protection of trademarks is the law's recognition of the psychological function of symbols. If it is

true that we live by symbols, it is no less true that we purchase goods by them. A trademark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress."

Here plaintiff not only is entitled to the protection of its mark on general equitable principles, but it also enjoys the fruits of federal registration for the mark NATIONAL with vertical stripes and is entitled to the broad protection which the trademark statutes provide (15 U.S.C.A. 1114 (1)).

Prior to the passage of the Lanham Act in 1946 it was uniformly held that infringement existed even if there was only a likelihood of confusion between the goods and services of defendant and those of plaintiff when identified by the same or similar marks and that it was unnecessary to prove actual confusion. *Century Distilling Co.* v. *Continental Distilling Corp.,* 205 F. 2d, 140 (C.C.A. 3d); *Barbasol Co.* v. *Jacobs,* 150 F. 2d 336 (C.C.A. 7th). These and similar holdings are now expressly embodied in the language of Section 32 (1) of the Lanham Act previously quoted, 15 U.S.C.A. 1114(1).

Here the marks are for all practical purposes the same and the services are identical. Consequently there is a clear likelihood of confusion. However in this case, as it will be shown, the doctrine of likelihood of confusion need not be asserted because the record is replete with direct evidence of actual confusion.

B. Plaintiff's Composite Mark and Its Registrations Therefor Are Valid

The lower court did not rule upon the validity of plaintiff's mark and the Federal registrations which it obtained therefor. Defendant's counsel, in submitting proposed findings and conclusions at the court's request, avoided this issue by ignoring it. Plaintiff naturally urges that it has a valid mark and valid registrations therefor. This being true, it hardly can be disputed that defendant's use of a mark, of which the dominant features are identical for identical services, is an infringement of plaintiff's clearly established prior rights.

Defendant, through its immediate predecessor, National Shippers & Movers, began using its "NATIONAL" mark in 1928. In 1930 it also adopted the vertical stripes along with its "NATIONAL" mark to make the composite mark, "NATIONAL" which has been used continuously since. Throughout the record it is shown that plaintiff used this composite mark extensively on a coast to coast basis.

Shortly after the adoption of the new 1946 Lanham Trade Mark Act, which for the first time provided that *service* marks could be registered, plaintiff filed application for and obtained two Federal registrations* covering its mark here in suit.

The record with respect to the prosecution of the applications which resulted in the registrations (Exs. II and JJ) shows that all descriptive elements comprising the words "Van Lines, Inc." were specifically disclaimed, and the registrations consequently issued for the dominant features comprising the word "NATIONAL" with the vertical stripes.

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* Numbers 548,018 and 563,950 reproduced at the end of this brief.

Although defendant in its pleadings first denied plaintiff's rights in the mark and the registrations secured therefor, it was hard pressed to challenge this specific right as asserted by plaintiff. The principal defense comprised the offer of testimony and exhibits showing alleged uses by strangers to this proceeding of other separate "NATIONAL" and "vertical stripe" marks in various ways for a variety of other products and services completely unrelated to the services rendered by both plaintiff and defendant. This evidence, though accepted by the lower court, was strenuously challenged by plaintiff.

Plaintiff urges that its rights established in the mark "NATIONAL" with vertical stripes, which have been specifically recognized through the process of Federal registration, under the circumstances as disclosed by the record cannot now be readily assailed. This conclusion is amply supported by the applicable statute 15 U.S.C.A. 1057 (b), and the long line of authorities interpreting such rights. Attention is again invited to that line of cases headed by *Barbasol* v. *Jacobs,* supra, cited in the Summary section of this brief.

Plaintiff does not dispute that there are many uses of "NATIONAL" and that there are many vertical stripe designs in use separately, but not as a composite mark. Such facts, however, do not support defendant's contention that "NATIONAL" is wholly devoid of mark or trade name recognition. *Significant is the fact that defendant himself is using "NATIONAL" with the vertical stripes as a mark.*

It is not disputed that these two elements can also be used in a descriptive manner. However, the descriptive meaning is not an issue. There is no dispute but that both plaintiff and defendant use "NATIONAL" and the vertical stripe design as a symbol or name of identification. This disposes of all arguments that these devices cannot be exclusively appropriated to identify a particular product or

service. Although "NATIONAL" or the stripe design may not be in the category of unique or strong marks, they certainly are capable of mark or name significance.

In *Continental Corporation, et al* v. *National Union Radio Corporation, et al,* 67 F. 2d 938 (C.C.A. 7), the word "NATIONAL" was sustained as a trademark for radio tubes. In *National Fireworks, Inc.* v. *National Cooperatives, Inc.,* 51 U.S.P.Q. 412, the Commissioner of Patents sustained an opposition wherein opposer claimed exclusive rights in the word "NATIONAL" as a mark.

With respect to asserting exclusive rights in stripe designs as a mark or symbol of identification, attention is invited to *Barbasol Co.* v. *Jacobs,* 160 F. 2d 336 (C.C.A. 7) wherein the appellate court sustained the validity of Barbasol's registration consisting of "parallel diagonal blue, white and red stripes in the color sequence of blue—white—red—white—blue—white—red—white." At page 339, in sustaining Barbasol's charge of infringement and the validity of the stripe design mark, the court said:

> "We conclude that plaintiff's mark as described and used with its multi-colored striped border surrounding a blue panel, constitutes a valid trademark."

The significant thing about the Barbasol case is that the court sustained as a valid mark the stripe design *by itself.* Obviously, the present case is stronger as plaintiff asserts the vertical design as a mark of identification used in conjunction with the word "NATIONAL."

C. Defendant's Use of "NATIONAL" with Vertical Stripes Infringes Plaintiff's Rights in the Mark "NATIONAL" with Vertical Stripes.

The record shows that:

1. Plaintiff adopted "NATIONAL" as its mark in 1928.

2. Plaintiff adopted "NATIONAL" with the vertical stripe design in 1930 and has so used it continuously since that time.

3. Defendant had operated under various marks or names until 1944. Then it adopted a "NATIONAL" mark.

4. In late 1949 or early 1950 defendant added the vertical stripe design to make his composite mark here in issue.

5. Both plaintiff and defendant are engaged in the moving business. Plaintiff has been in coast-to-coast operations for many years; defendant has just expanded into coast to coast business.

These facts having been established, it is necessary to determine only in the words of the statute, 15 U.S.C.A., 1114 (1); whether defendant's NATIONAL with vertical stripes mark is such a "colorable imitation" of plaintiff's NATIONAL with vertical stripes mark as "is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services. * * *" To determine whether the marks in issue are confusingly similar, we first turn to the most simple test; namely, the side-by-side comparison of the marks.

The application of this test requires recognition of the well-established rule that the respective marks must always be considered in their entireties and without extraneous matter and embellishments which may be varied from time to time. *B. F. Goodrich Co.* v. *Hockmeyer et al,* 40 F. 2d 99; *Celotex Co.* v. *Millington,* 49 F. 2d, 1053.

In disposing of an attempt to consider a composite mark piecemeal like defendant is attempting to in this instance, Mr. Justice Holmes said in *Schlitz Brewing Co.* v. *Huston Co.,* 250 U.S. 28: "It is a fallacy to break the faggot stick by stick."

Attention is invited to the respective marks of plaintiff and defendant which for convenience have been reproduced at the conclusion of this brief, both in red, white and blue as most frequently used, and in black and white as used in directories. The side-by-side comparison of the respective marks speaks for itself.

The controlling statutes and authorities, though expressing it in various ways, all embrace the generally accepted rule that confusion or the mere likelihood of confusion arising from imitation or even colorable imitation will be enjoined.

Restatement of the Law of Torts, Vol. III, Section 717 (1), sets forth the following general rule with respect to similarities constituting infringement:

> "(1) One infringes another's trade name, if (a) without a privilege to do so, he uses in his business, in the manner of a trademark or trade name, a designation which is identical with or *confusingly similar* to the other's trade name * * *" (Emphasis supplied).

Cole v. *American Cement & Oil Co.,* 130 F. 703, 705, gives the following definition which is frequently cited:

> "An infringement of such trademark consists * * * in the use of an imitation in which the difference is colorable only, and the resemblance avails to mislead so that the goods to which the spurious trademark is affixed are likely to be mistaken for the genuine product."

In *Mishawaka* v. *Kresge,* 316 U.S. 203, 205, Judge Frankfurter defined infringement as the act of "poaching upon the commercial magnetism" of the symbol that the trademark owner has created.

Nims, The Law of Unfair Competition and Trademarks, Fourth Edition, Vol. 1, page 675, says:

> "Where the similarity is sufficient to create a false impression to the public mind, and is of the character to mislead and deceive the ordinary purchaser in the exercise of ordinary care and caution in such matters, it is sufficient to give the injured party right to redress."

Defendant has made a desperate attempt to show that the mark in issue is in fact no mark at all, and that anyone is free to use "NATIONAL" with vertical stripes for any purpose, particularly in connection with the moving and storage business. Defendant has been industrious in seeking out vertical stripe designs used by various persons and firms for a variety of products and services. Notwithstanding that plaintiff urges such evidence to be wholly irrelevant and inadmissible, it is quite apparent that if such evidence is to be considered, it cannot detract from the significant rights established by plaintiff.

If defendant's theory were followed to its logical conclusion, we must concede that the word "NATIONAL" and the stripe design are completely within the public domain and wholly incapable of any trade name or mark significance. In urging this theory, defendant must dissect the mark, considering "NATIONAL" separately and the vertical stripes separately. In view of the evidence, and the applicable authorities, this obviously cannot be done. Therefore, the alleged defense that vertical stripes and the word "NATIONAL" are wholly in the public domain, must fail entirely.

The most cursory examination of the evidence establishes without dispute that plaintiff uses the combination comprising "NATIONAL" *with* vertical stripes in true mark fashion. Recognizing this, we examine defendant's use of the word "NATIONAL" and vertical stripes. Again, a cursory examination of defendant's evidence shows that he too relies heavily upon the identity or mark significance of "NATIONAL" with vertical stripes. Here it is helpful

to again call attention to defendant's own testimony (R. 246). In response to the question: "What was the occasion for adopting this design along with the name?", he said: "Oh, my feeling that it had a lot of trademark value and I think that practically every company has some sort of trademark to identify their services."

This of course makes it clear beyond dispute that defendant cannot be sincere in urging that the word "NATIONAL" and the vertical stripe design is meaningless and wholly within the public domain. Defendant unquestionably employs this word and the vertical stripes as a true mark of origin in exactly the same manner as plaintiff has done for many years.

Because defendant's plan of imitation is so evident, he is forced to strike in many directions to avoid the impact of his close imitation. This has forced defendant, notwithstanding clear evidence to the contrary, to assert that neither "NATIONAL" nor vertical stripes can function as a mark of identity. The fallacy of this position is of course obvious. Not only have "NATIONAL" marks been repeatedly sustained (*Continental* v. *National Radio*, 67 F. 2d 938; *National Fireworks* v. *National Cooperatives,* 51 U.S.P.Q. 412; *National Dryer Corp* v. *National Drying Co.* 129 F. Supp. 390) but also marks comprising alternate stripes, such as here in issue have been sustained (*Barbasol* v. *Jacobs,* supra).

After suit was filed, defendant began in some instances to substitute the words "Dean Van Lines" for "National Transfer & Storage Co." During the trial attempts were also made to undermine plaintiff's position by suggesting that plaintiff had positively abandoned the name "National Transfer & Storage Co." in favor of "Dean Van Lines" (R. 232-3). Whether or not defendant intends to adopt and use "Dean Van Lines" permanently and exclusively may be

doubted from the record as defendant himself testified (R. 413-5):

"Q. In what respect is that changed?

A. We will now use the name 'Dean Van Lines.'

Q. Is there anything in there that says 'National Transfer & Storage'?

A. Oh, yes, we always have that on this in all of them.

Q. The same way?

A. Yes, the same way, 'Also Known As.'

Q. You are going to use both?

A. That is right.

Q. That is the way it will appear in the next directory?

A. That is correct.

* * * *

A. We use the name 'Dean Van Lines.' If we elect to use the name 'National Transfer & Storage,' we would just as you see it there.

Q. What do you mean you would?

A. Our option.

Q. Wouldn't you say you were using both names all over?

A. All over, yes."

Even if defendant should abandon "National Transfer & Storage Co." in favor of "Dean Van Lines," which he obviously won't do, defendant's use of the vertical stripes will continue to cause confusion.

That defendant considers the vertical stripe design a valuable mark is too apparent for argument. He uses it frequently; indeed, the suggestion that he is to substitute

"Dean" for "National" but is unwilling to give up the vertical stripes is a significant fact.

As the evidence shows, one of the best media of advertising for the household moving field is local classified directories. As both plaintiff and defendant use the vertical stripes with "National" as a unit, it is obvious that one turning to a directory would look for the vertical stripes as a symbol of immediate identity. It is easy to remember and easily spotted.

Courts of equity, dealing with infringement such as this, have spoken in no uncertain terms. In that respect the record of this court is impressive:

> *Sunbeam Furniture Corp.* v. *Sunbeam Corporation,* 191 F. 2d 141.
>
> *North American Air Coach Systems, Inc.* v. *North American Aviation, Inc.,* 107 U.S.P.Q. 68.
>
> *National Lead Co.* v. *Wolfe,* 105 U.S.P.Q. 462.
>
> *Lane Bryant, Inc.* v. *Maternity Lane Ltd.,* 173 F. 2d 559.
>
> *Mershon Co.* v. *Pachmayr,* 220 F. 2d 879.

The precedent established in the *North American* case, supra, is believed to be of particular interest because the factual situation in that case has so much in common with the present issues. In that case as here, defendant sought to justify its infringement by urging that the mark was merely geographical. In disposing of this contention, the court said:

> "But this does not mean that a name of territorial origin may not acquire a secondary or fanciful meaning connected. When this occurs, the proprietorship in the designation or mark will be afforded as complete protection as if it were a 'stronger' mark at the inception."

Particularly apt to the present facts is the following quotation:

> "The use by defendants in this connection of a copy of the stylized design which plaintiff had invented, varying the design only enough to permit defendants to hope that it would encourage the public to believe defendants were plaintiff, but enough to confuse the judges into the belief that the defendants are in good faith."

It is also urged that the conclusions expressed in the recent *National Lead* case are closely parallel here and should be highly persuasive in resolving the present issues.

Attention is also invited to District Court cases in this circuit which unequivocally stand for the principles urged here:

> *Silvers* v. *Russell, et al.,* 113 F. Supp. 119.
>
> *Brooks Brothers* v. *Brooks Clothing of California, Ltd.,* 60 F. Supp. 442.
>
> *Ball Chemical Co.* v. *Hodnefield, et al.,* 108 U.S.P.Q. 359.

In *Sears Roebuck and Co.* v. *A. L. Johnson,* 219 F. 2d 590, the Court of Appeals for the Third Circuit also decided a trade name issue for services very similar to this case. There plaintiff used the designation "Allstate" in connection with automobile insurance and financing. Defendant adopted "All-State School of Driving" as its name for a school to teach driving. The lower court refused to grant relief but the Court of Appeals had no difficulty in resolving the issue for plaintiff. In setting aside the findings, the Appellate Court said:

> "In disturbing the District Court's findings of basic facts, this court is guided by the 'clearly erroneous' provision of Rule 52(a) * * *. This court, by examin-

ing the basic facts, found by the District Court, can determine as advantageously as the District Court can whether or not an inference of likelihood of confusion is warranted." (citing numerous authorities)

In the *Allstate* case, relief was granted even though the services rendered by the respective parties were in no sense the same. The Appellate Court concluded that there was probability of confusion.

Judge Nordbye aptly summarized issues of this kind in the recent decision of *Time, Inc.* v. *Life Television Corp., et al.,* 123 F. Supp. 470, at page 475:

> "* * * The conclusion is inescapable that the defendants set out with the purpose of trading upon plaintiff's established trademark and deliberately assimilated plaintiff's *style* in order to do so. A finding of a likelihood of confusion under such circumstances is abundantly supported by the authorities.
>
> "*It is said that imitation may often supply the place of proof—in the absence of evidence to the contrary the court accepting the defendant's own estimate of the probability of confusion.*" (Citing cases) (Emphasis added).

Obviously defendant attempted to "employ enough points of similarity to confuse the public with enough points of difference to confuse the courts." *Baker et al.* v. *Master Printers Union of New Jersey,* 34 F. Supp. 808, 811.

D. The Evidence Shows Extensive Confusion and Some Direct Palming Off.

A resume of plaintiff's position and defendant's conduct brings into sharp focus the fact that defendant's activities have enabled him to reap from a field where he has not sown. The record shows confusion among the public who employ plaintiff's and defendant's services. There is even

confusion among those in the moving industry who find it necessary to deal with plaintiff and defendant from time to time.

Plaintiff's initial use of "National" was established through a predecessor as early as 1928. In 1930 plaintiff began using "National" with the vertical stripes. Although plaintiff has been well established in its field for many years, the record shows (Ex. 35) that its activities were greatly expanded in the last few years. Plaintiff's services under its composite mark NATIONAL with vertical stripes are known throughout the entire United States and particularly the State of California. It has over 200 sales representatives throughout the United States. Its composite trademark is prominently displayed in every manner possible. It appears on its trucks, its packaging boxes, wrapping blankets, employees' uniforms and related devices (Exs. 29, 30, A).

Plaintiff's services all carried on under the composite mark NATIONAL with vertical stripes has exceeded many millions of dollars. Plaintiff's sales of its services have risen from $125,000.00 in 1935 to $3,500,000.00 in 1954 (Ex. 35, R. 472,3).

Plaintiff's advertising has been extensive. At the time of the trial its direct advertising, that is, exclusive of its local sales agents, all of which centered about the mark NATIONAL with vertical stripes, involved an expenditure in excess of $90,000.00 annually (Ex. 34). In addition, plaintiff did a substantial amount of cooperative advertising with its sales agents. Recently it released a film for use in television advertising involving an expenditure in excess of $100,000. Plaintiff employs the usual effective advertising media, including radio, television, trade magazines, extensive classified telephone directory listings, direct mailing and the like.

In the face of this record defendant, after discontinuing his relationship with plaintiff as sales agent, added a vertical stripe design to his trade name dominated by the word NATIONAL, and then launched out to compete with plaintiff. Shortly thereafter, defendant also expanded into coast to coast competition with plaintiff.

Defendant's venture produced the inevitable results—confusion and unfair competition.

Mary Martin of San Francisco, had employed defendant's moving services. Regarding a particular complaint she testified (R. 268-9) as follows:

> "Q. And did you have reason to complain about that particular movement that they handled for you?
>
> A. Yes, I did, for the simple reason that—
>
> Q. Well, just answer the question first. You did have some reason to complain?
>
> A. Yes.
>
> Q. And what did you do and where did you call with respect to that complaint?
>
> A. I called—I looked in the telephone book under National, and I called San Francisco, thinking that would be the head office, and they informed me that they didn't have—
>
> Q. Who did you call?
>
> A. National Van.
>
> Q. You know that you are saying National Van and not National Transfer?
>
> A. Yes.
>
> Q. All right. Proceed, please.
>
> A. And I assumed that National—I should have taken more time to look on the papers that and called National Transfer, but National—I called National Van in the telephone book."

She went on to tell that she asked for a Mr. Green (defendant's employee in San Francisco) and that she was told by the person answering the telephone that Mr. Green was with National Storage (defendant).

Harold T. Moss of Chicago, a competitor, testified that a van drove up to their warehouse to unload a shipment. He noticed the vertical stripes and thought it was plaintiff's van. Later he determined this was a mistake. The van was defendant's (R. 373-374). Specifically, he said:

> "Q. Where was it you saw this National Transfer & Storage mark?
>
> A. They backed into our warehouse to unload a shipment for storage or transit, and at the time they were backing in, I thought it was a National Van Lines truck.
>
> Q. What made you think so?
>
> A. On account of the emblem on it—this striped affair."

Russell Minear testified (R. 111, 112) after he was shown an exhibit displaying defendant's mark and asked whether he ever saw it he answered:

> "A. Yes.
>
> Q. Where was the first time you remember seeing this particular insignia?
>
> A. San Diego, California.
>
> Q. On what?
>
> A. On a building.
>
> Q. What was your reaction when you saw that?
>
> A. I thought it was National Van Lines. * * *
>
> Q. Did you do anything after seeing that?
>
> A. The next time I saw Mr. McKee I mentioned that he had quite a place in San Diego along the highway.
>
> Q. What did he say?

A. He said, "That is not mine. It belongs to my competitor."

George W. Healey, another of plaintiff's witnesses, in testifying about the significance of the vertical stripes in identifying plaintiff, said, when asked if he had ever seen that insignia (R. 119):

"A. Yes, I have.

Q. Do you remember the first time you saw it?

A. Yes, I do; approximately a year ago.

Q. Where?

A. At my warehouse.

Q. In?

A. Los Angeles.

Q. On what sort of thing was it when you saw it?

A. It was on a moving van.

Q. What was your reaction when you saw it?

A. Well, I went to examine it rather closely, because of the similarity between what I knew to be the National Van Lines insignia.

Q. And what did you do, if anything?

A. I did nothing. I just checked it. Thereafter I looked twice when I saw it.

Q. What did you find—

The Court: Did it occur to you to be a National Van Lines sign?

The Witness: I thought it was at first.

"The Court: Then you examined it closely, and did you still think so?

The Witness: No, the name Dean Van Lines* was on it."

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*This was after commencement of this action when defendant used both names, Dean Van Lines and National Transfer & Storage.

Walter Bock, plaintiff's manager at its Los Angeles terminal, testified as to the confusion with defendant which occurred frequently (R. 121-122). He explained the confusion surrounding a contract for services with the Government. He had received the contract (Ex. 38), which was obviously intended for defendant. This contract was mailed to plaintiff. When asked what he did with it, he said:

> "A. Being it was Government property I mailed it to Fort MacArthur, with a letter advising them that:
>
> > 'Returned herewith is a crating bid contract addressed to National Transfer & Storage Co., 124 N. Center Street, Los Angeles, California.
> >
> > 'As you will note, 124 N. Center Street was our previous location, prior to the removal of our offices to our present address in 1953.
> >
> > 'No doubt this bid was meant for National Transfer & Storage Co., as National Van Lines, Inc. has never applied for any crating contract.' "
>
> * * *

Mr. Bock testified that another instance of confusion which occurred just the day prior to the trial (R. 132-134) (Exs. 41-43). A letter had been received involving a claim by a Sergeant Wilson, of Biloxi, Mississippi. Correspondence about this had been directed by the sales agent to plaintiff's office. It had been received "by mistake" in defendant's Oakland office. Defendant's offices in turn transmitted it to plaintiff's Los Angeles office.

Mr. Bock testified about frequent instances of confusion.

Robert W. Adams, who was in charge of plaintiff's San Francisco office for several years, testified as to numerous instances of confusion and supplied considerable memoranda with respect thereto. (R. 274-357; Ex. 49).* First Mr. Adams explained about numerous telephone calls reach-

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* This deposition was supported by a series of exhibits A-R inclusive.

ing plaintiff's San Francisco office which were intended for defendant (R. 279-281). When asked how he knew that these calls were intended for defendant, he said:

> "A. When the people called in, either for a complaint or to check for service, we'd ask their name and find that, in checking our records, we had no order for them or had no record—of their name. Then in questioning the person who had called in, we would find that they were under the impression they were calling National Transfer & Storage."

Continuing, he said:

> "A. In many instances, they (customers) would—we would call National Transfer and ask them if they had records of such a shipment or customer, and they would say yes, and we would tell the party to get in touch with National Transfer or have National Transfer call the party direct."

When Mr. Adams was asked whether this happened frequently, he said:

> "A. Yes, it did.
>
> Q. And did that happen continuously until you left the employ of National Van, to your knowledge?
>
> A. Yes, it did.
>
> Q. And those occasions were always brought to your attention, or you were a party to the transactions?
>
> A. Yes, definitely.
>
> Q. And did you ever get calls from National Transfer at your office at National Van regarding any calls that they may have had for your office?
>
> The Witness: Once or twice."

Among the instances of confusion established by Mr. Adams there was the case of Mr. R. C. Allen (R. 282). He called and asked for Mr. Green, "who works for National

Transfer & Storage." Mr. Allen had sold defendant some cartons and was inquiring to see if they would like more.

Upon another occasion, Mr. Adams received a letter intended for defendant about the purchase of drums. He put in in another envelope and forwarded it to defendant (R. 283).

Mr. Adams also explained confusion involving Mrs. Reiss. She telephoned plaintiff's office about a crating contract which she had with defendant (R. 283).

Mr. Adams also explained about the confusion even amongst the competitors. Bekins Transfer Company, of Oakland, called plaintiff's office about a shipment that had been in storage at defendant's warehouse. It involved a claim from a customer which was directed to plaintiff but was really intended for defendant (R. 284).

These was also a case of confusion involving military personnel at Camp Stoneman. Mr. Adams received a call at plaintiff's office regarding a shipment which was being handled by defendant (R. 285).

There was another instance of confusion involving a Mrs. Higbee. She called plaintiff's office asking when her furniture would arrive. Mr. Adams had no record of the shipment and then called defendant's office and found that they were handling it (R. 286).

Another time a Mrs. Roddy called about delivery in San Francisco of a shipment that had been picked up in San Diego two weeks earlier. Again it was found that this was a shipment handled by defendant (R. 287).

A similar incident was reported regarding a Mrs. McDaniels, who had called plaintiff's office about cancelling an order for moving which she had placed with defendant. When Mr. Adams checked this, he discovered the error and told Mrs. McDaniels to get in touch with defendant (R. 287).

There were numerous additional incidents of confusion of the same nature explained by Mr. Adams. Attention is invited to that of a Captain Wild (R. 288), a Colonel Lightbody (R. 289), a Mr. Arnold (R. 289), and others. All involved calls to plaintiff's office which should have been directed to defendant.

Mr. Adams explained in detail an instance of a direct "palming off" by defendant. This is the Stokely Foods incident (R. 290-295). Because of its significance, extensive portions of this testimony are set forth below.*

The record shows further cases of confusion involving International Harvester Company (R. 295), Transport Clearings of San Francisco (R. 296), the Post Transportation Office from Camp Presidio in California (R. 297), and others.

Finally, in summarizing the actual cases of confusion,

---

*"A. Yes. This is in connection with a Mr. Hutto, and he was an employe of Stokely Foods, and the Stokely Foods were paying for his move, and the order had been placed by him through his traffic manager.

Q. The traffic manager of Stokely?

A. Yes, of Stokely Foods, and Stokely Foods' traffic manager told him to get in touch with Mr. Allen of National Van Lines, and Mr. Hutto, who lived in Hayward, called the National Transfer and asked for Mr. Allen, and he was told that Mr. Allen did not work there any longer, and he proceeded to place his order with them. Then, on the day of moving National Transfer's van was late, and—

Q. How did you know it was late?

A. We knew because he called his traffic manager to complain that the van was not there on the time that had been scheduled for, and—

Q. 'He' refers to the man at Stokely?

A. Mr. Hutto called the traffic manager of Stokely and the traffic manager at Stokely Foods told him to call Mr. Allen, and Mr. Hutto said that Mr. Allen was no longer with National.

Q. Were those facts related to you subsequently?

A. They were, definitely. And the traffic manager told Mr. Hutto that Mr. Allen was with National Van Lines, and gave him Mr. Allen's telephone number, which was, of course, National Van

it is significant that Mr. Dean himself admitted confusion. The following is a quotation from Mr. Dean's testimony (R. 242-243):

> "Q. But it is a fact your offices and probably you personally did receive some complaints that should have been directed to National Van Lines, the plaintiff?
>
> A. It is possible, yes.
>
> Q. You testified that they didn't, didn't you?
>
> A. I said in one area we had some specific—or they were called specifically to my attention. That was in the Monterey area."

As the record shows, defendant, after this suit was filed, began using "Dean Van Lines," with the vertical stripes, in place of "National Transfer & Storage Co." with ver-

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Lines' phone number here in San Francisco, and Mr. Hutto called in, and it was through that telephone call that we got all of this information in connection with the confusion that he had experienced, and through talking with him—he found that he had gone to the wrong company—we found that he'd actually been trying to get in touch with us to place his order.

* * *

"Q. Was it a regular account of National Van Lines?

A. Yes, it was. And in any case, Mr. Hutto asked if we could have a van over there, which we checked and found that we could and told him we would have one over there within two hours, and he said he was to move with National Van Lines, and he would like to have us come over and pick up his goods as soon as possible, which we did, and he in turn called National Transfer & Storage and cancelled the order with them.

Q. Who had really placed the order for Mr. Hutto; was it the traffic manager of Stokely?

A. The traffic manager of Stokely told Mr. Hutto to contact Mr. Allen. You see, Mr. Allen called on the traffic manager of Stokely frequently and—

Q. Mr. Allen was in your employ, or with National Van Lines?

A. That's right."

Q. How did Mr. Hutto come finally to get the proper number of Mr. Allen?

A. He got it from the traffic manager at Stokely Foods.

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* * *

"Q. Was it a regular account of National Van Lines?

A. Yes, it was. And in any case, Mr. Hutto asked if we could have a van over there, which we checked and found that we could and told him we would have one over there within two hours, and he said he was to move with National Van Lines, and he would like to have us come over and pick up his goods as soon as possible, which we did, and he in turn called National Transfer & Storage and cancelled the order with them.

Q. Who had really placed the order for Mr. Hutto; was it the traffic manager of Stokely?

A. The traffic manager of Stokely told Mr. Hutto to contact Mr. Allen. You see, Mr. Allen called on the traffic manager of Stokely frequently and—

Q. Mr. Allen was in your employ, or with National Van Lines?

A. That's right."

Q. How did Mr. Hutto come finally to get the proper number of Mr. Allen?

A. He got it from the traffic manager at Stokely Foods.

tical stripes. In explaining this "litigation maneuver," he released an announcement to the trade (R. 438-439). Regarding the use of his name, Dean, he said in part to the trade: "* * * we have experienced difficulties from time to time, due to confusion of similar names."

It is believed that this summary of the confusion evidence demonstrates the need for complete injunctive relief. Notwithstanding this overwhelming evidence of actual confusion, attention is invited to the time-honored rule that it is not necessary for plaintiff to show actual confusion. *Mere likelihood of confusion warrants relief.* In the recent case of *Admiral* v. *Penco,* 203 F. 2d 517 (CCA2), the Court at page 520 summarized the oft-quoted rule thus:

> "* * * It is not necessary to show actual cases of deception or confusion since the test is the likelihood of confusion. * * *"

To the same effect see:

> *J. C. Penney Co.* v. *H. D. Lee Mercantile Co.,* 120 F. 2d 949 (CCA 8);
>
> *LaTouraine Coffee Co.* v. *Lorraine Coffee Co.,* 157 F. 2d 115 (CCA 2);
>
> *McLean* v. *Fleming,* 96 U.S. 245;
>
> Harry D. Nims, Unfair Competition and Trade Marks, Vol. 2, pp. 1049, §335.

E. Defendant Cannot Justify His Own Infringement by Showing Use of Similar Marks by Strangers

Defendant relies heavily upon the alleged fact that others have used NATIONAL extensively as a mark and that the vertical stripe design has been in common use by

others in various fields. Attention is invited to the fact that most of the so-called "other uses" involve unrelated businesses. Significant also is the fact that defendant does not show use by others of the *composite* mark comprising NATIONAL *with* vertical stripes in the moving business or in any other business. In fact, one of defendant's own witnesses was asked on cross examination (R. 258):

> "Q. You don't know of anyone that uses 'National' and the vertical stripe design, beside the plaintiff and the defendant?
>
> A. No."

Defendant, in order to advance his theory that NATIONAL with vertical stripes is in the public domain, is forced to dissect the composite mark and to consider the two elements separately. This fact is another striking weakness in defendant's position. The defense of third party uses is entirely untenable as it is predicated upon the false premise that two wrongs make a right. The fact that others may also be infringing can in no wise justify this defendant's wrong.

In *Admiral* v. *Penco,* 203 F. 2d 517 (C.C.A. 2), the court passed on this identical issue and said at page 521:

> "* * * On the other hand, the various Admiral trademarks issued to others, upon which defendant relies to show a nonexclusive right in plaintiff, applied to entirely different types of commodities: automotive products and motor fuels; alcoholic beverages; food, clothing, and fabrics; and various miscellaneous products ranging from anchors to smoking tobacco and bicycles. *Moreover, as plaintiff says, these are mere third-party uses, perhaps substantially or wholly wrongful and inadequate to justify defendant's wrongful use. Ward Baking Co.* v. *Potter-Wrightington,* 298 F. 398, 402 (C.C.A. 1); *Bond Stores, Incorporated* v.

Bond Stores, Inc., 104 F. 2d 124, 125 (C.C.A. 3) * * *" (Emphasis supplied)

The Bond case referred to in the Penco decision is considered to be particularly apt. The court there held:

> "The industry of counsel has brought to our attention a long list of corporations which have the word 'Bond' in their corporate names. This list could doubtless be indefinitely lengthened. A wrong done to the plaintiff however cannot be condoned by like wrongs done by others."

In *S. C. Johnson & Son, Inc.* v. *Johnson,* 28 F. Supp. 744 (D.C.W.D. N.Y. 1939), the same question was considered, and the court said at page 747:

> "Many registrations of the name 'Johnson's' have been introduced by defendant to show the widespread use of the name on products of many descriptions. Even were such others using the name on identical products, such fact could not avail defendant if plaintiff has been wronged by his action. * * *"

The Court of Customs and Patent Appeals in *Weyenberg Shoe Mfg. Co.* v. *Hood Rubber Co.,* 49 F. 2d 1046, at page 1048, held, as a result of an action growing out of an opposition proceeding where the defendants attempted to show "other registrations," that:

> "* * * If a confused situation already exists, that should not be held to justify an act which would confuse still further. * * *"

As recently as February 23, 1956, the Commissioner of Patents in *General Shoe Corporation* v. *Lerner Brothers, Inc.,* 108 U.S.P.Q. 341, passed on the same question where respondent urged restriction of the rights to the mark "Holiday" on the basis that it had been widely used. In dismissing this contention the Commissioner said:

> "A later user may not employ the action of strangers to a proceeding as a shield for his own actions when the facts in the proceeding are such as to support a conclusion of likelihood of confusion."

Of particular significance on this point is the recent holding by this court in *National Lead Company* v. *Wolfe,* 223 F. 2d 195 (C.C.A. 9). In dismissing defendant's contention that others had also used "Dutch" as a mark, the court said:

> "It may be that some of these third persons may also have been guilty of wrongful infringement, but such would not be a defense or justification for the appellees. It is no excuse then to say that others have been guilty of the same wrong." (Citing authorities).

These authorities clearly demonstrate that the evidence of alleged third party uses offered by defendant is wholly inadmissible and completely lacking in probative value. Based on the fundamental principles of law cited, plaintiff objected to admission of defendant's Exhibits C through Z and AA through HH and also the depositions of Abraham Mechanic and M. P. Pihl. A cursory examination of the record shows that a good portion of the testimony and the bulk of exhibits offered by defendant are directed to these alleged "third party" uses. During the trial, plaintiff objected emphatically to the admission of all this evidence. However, ruling was withheld (R. 202-206, 209-214, 230, 444).

Attention is also invited to the fact that notwithstanding the voluminous evidence submitted by defendant as to alleged "third party" uses, all subject to objections, the court failed to rule on this evidence; consequently it must be assumed that all this evidence was improperly admited and considered. Plaintiff urges that this action by the lower court was clearly erroneous in view of the well established principles of law set forth in the citations.

F. Such Rights as Defendant Had to Use "NATIONAL" Terminated Upon Cancellation of the Agency License

The agency agreement between the parties was entered into and continued in force from its inception on November 7, 1944 to February 20, 1950.

The agreement provided that the agent (defendant) at termination of the agreement should cease using the principal's (plaintiff's) names "* * * in any manner whatsoever." Use of "Company insignia" was definitely prohibited after termination, and defendant agreed "not to misrepresent." Even in the absence of such clear provisions, the law is explicit that defendant's right to use the mark in issue ended upon termination of the license.

In *Joseph Laurer Brewing Co.* v. *Ehresmann,* 111 N.Y. Supp. 266, plaintiff leased to defendant its bottling business of "Laurer Beer." Defendant engaged in the business and sold the beer under the name "Laurer Beer Bottling Co." with plaintiff's knowledge and consent. There was no provision in the lease, contract or bill of sale as to the use of the name. The court held that defendant did not acquire a permanent right to use the name and had *nothing but a license to use it during the lease.*

In the case of *Nelson* v. *J. H. Winchell Co.,* 89 N. E. 180, the court held that where one received a temporary license to use a trademark of another and used it after the expiration of the license and after notice from the owner not to do so and warning that he would be held responsible for further use, he was guilty of wrongfully using the trademark and was liable for the profits realized thereby, though he acted on advice of counsel not informed of the temporary license.

Similarly, in the case of *Elliott Varnish Co.* v. *Sears, Roebuck & Co.,* 221 F. 797, the court held where complain-

ant, selling paint under the trademark ROOF LEAK, contracted for a sale of its product under the name of NEVER LEAK, by defendant, a mail order house, defendant's right to use the words NEVER LEAK did not outlast the contract, which had no further operation from the time it ceased to order complainant's product.

In *Morand Bros., Inc.* v. *Chippewa Springs Corporation,* 2 F. 2d 237, the facts show that for a period of years Morand Bros. were distributors of CHIPPEWA Spring Water in Chicago. Distributorship was by contract. The court held that use of the mark CHIPPEWA on other water after the termination of the distributorship contract by distributor was an infringement of the owner's rights.

In *United States Ozone Co. et al.* v. *United States Ozone Co. of America,* 62 F. 2d 881, the court held that the right of a sales agent, having exclusive selling rights in a certain territory, to use the manufacturer's trademark and trade name, ends with the contract.

Again, in *Lawrence-Williams Co.* v. *Société Enfants Gombault et Cie,* 22 F. 2d 512, the court held that one who, for many years, as exclusive selling agent for another, sold the product of the latter under his marks, does not acquire a right to use such marks upon the termination of the agency, either on the same or a different product. To the same effect see *Progressive Welder Co.* v. *Collom,* 103 U.S.P.Q. 267.

There is no reasonable basis upon which is disputed the fact that an agent must discontinue use of his principal's name upon termination of the agency agreement. Here, however, the case against defendant is stronger than usual as defendant did not only continue using "NATIONAL" after termination, but just about the time that he discontinued the agency relationship, defendant also adopted the vertical stripes to make a composite mark which completely

simulated plaintiff's. Since defendant did not use the vertical stripe design except as he used plaintiff's advertising material, until he severed relations with plaintiff, there can be but one logical inference—calculated copying.

G. There Should Be an Accounting for Profits and Damages and Recovery of Attorneys' Fees and Expenses

Under the doctrine announced in the Second Circuit in *Admiral* v. *Penco,* 205 F. 2nd 515, plaintiff, during the trial attempted to introduce evidence as to defendant's sales and the like. This was refused by the lower court at that time (R. 108-109).

Plaintiff urges that under the provisions of 15 U.S.C.A. 1117 and the authorities construing it in this circuit, it should be awarded an accounting to establish damages and profits. *North American Systems, Inc.* v. *North American Aviation Inc.,* supra; *National Lead Co.* v. *Wolfe,* supra.

Because defendant's acts were wilful and obviously calculated to trade upon plaintiff's good will, it is urged that there should also be a recovery of attorneys' fees and expenses in addition to usual court costs.

Franz v. *Buter,* 38 F. 2d 605.

Aladdin Mfg. Co. v. *Mantle,* 116 F. 2d 708.

Admiral v. *Penco, supra.*

Keller Products Inc. v. *Rubber Linings Corp.,* 213 F. 2d 382.

VI. CONCLUSION.

It is urged that the lower Court was clearly in error when it dismissed the complaint, especially when it failed to recognize plaintiff's significant registered trademark

rights. It particularly erred in failing to find that defendant's acts caused considerable confusion and that there is a strong likelihood of continued confusion.

Respectfully,

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Chicago, Illinois
March 28, 1956

stered Sept. 11, 1951

Registration No. 548,0180

PRINCIPAL REGISTER
Service Mark

UNITED STATES PATENT OFFICE

National Van Lines, Inc., Chicago, Ill.

Act of 1946

Application May 17, 1948, Serial No. 557,202

STATEMENT

ɔnal Van Lines, Inc., a corporation duly ɛed under the laws of the State of Illinois, at Chicago and doing business at 2431 Park Road, has adopted and is using the mark shown in the accompanying draw- r TRANSPORTATION OF GOODS BY R VAN, in Class 105, Transportation and , and presents herewith five specimens g the service mark as actually used in con- with the sale or advertising of such serv- ıe service mark being used as follows: on es of the trucks used in moving goods; on sing literature; on business cards; and er heads and envelopes, and requests that the same be registered in the United States Patent Office on the Principal Register in accordance with the act of July 5, 1946. No claim is made to the words "Nation Wide" and "Van Lines Inc." apart from the mark as shown.

The service mark was first used on July 21, 1934, and first used in the sale or advertising of services and the services rendered in commerce among the several States which may lawfully be regulated by Congress on July 21, 1934.

NATIONAL VAN LINES, INC.,
By FRANK L. McKEE,
President.

PLAINTIFF'S EXHIBIT NO. 1

gistered Sept. 9, 1952

Registration No. 563,950

PRINCIPAL REGISTER
Service Mark

UNITED STATES PATENT OFFICE

National Van Lines, Inc., Chicago, Ill.

Act of 1946

Application January 4, 1952, Serial No. 623,200

NATIONAL VAN LINES INC.

STATEMENT

tional Van Lines, Inc., a corporation duly nized under the laws of the State of Illinois, ed at Chicago and doing business at 2431 g Park Road, has adopted and is using the ce mark shown in the accompanying draw- for the TRANSPORTATION OF GOODS BY 'OR VAN, in Class 105, Trasnportation and ge, and presents herewith five specimens ing the service mark as actually used in con- on with the sale or advertising of such serv- the service mark being used as follows: on ides of the trucks used in moving goods; on rtising literature; on business cards; and on heads and envelopes, and requests that the be registered in the United States Patent e on the Principal Register in accordance section 2(f) of the act of July 5, 1946.

plicant disclaims exclusive use of the words Lines, Inc." apart from the mark as shown.

tional Van Lines, Inc., is the owner of Reg- d Service Mark 548,018, registered Septem- 1, 1951, on the Principal Register of the d States Patent Office.

The service mark was first used by applicant's predecessor in title on or about October 1928, and first used by applicant on June 21, 1934, and first used in the sale or advertising of services and the services rendered in commerce among the several States which may lawfully be regulated by Congress by applicant's predecessor in title on or about October 1928, and by applicant on June 21, 1934.

The mark is claimed to have become distinctive of the applicant's services in commerce which may lawfully be regulated by Congress through substantially exclusive and continuous use thereof as a mark by the applicant in commerce among the several States which may lawfully be regulated by Congress for the five years next preceding the date of the filing of this application.

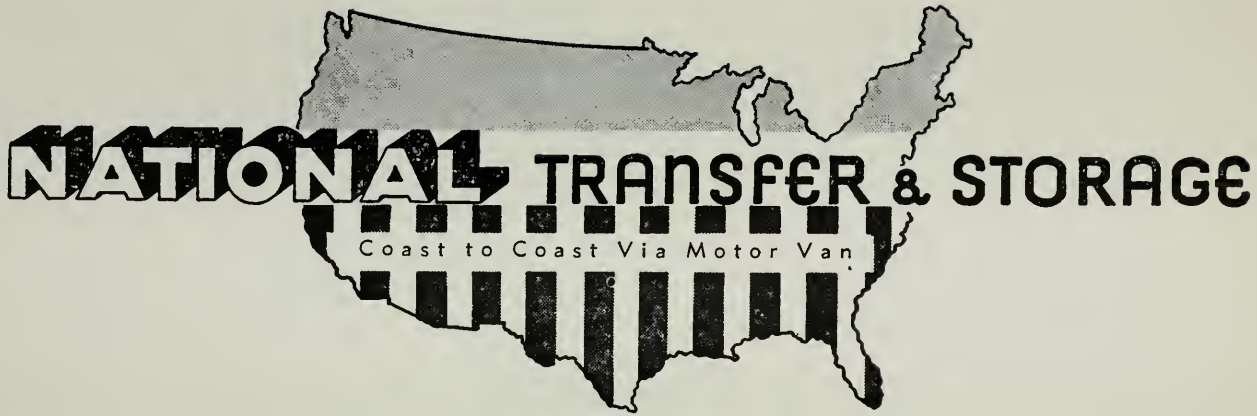
NATIONAL VAN LINES, INC.,
By FRANK L. McKEE,
President.

PLAINTIFF'S EXHIBIT NO. 2

PLAINTIFF'S MARK

(From Plaintiff's Exhibit 7 A)

DEFENDANT'S MARK

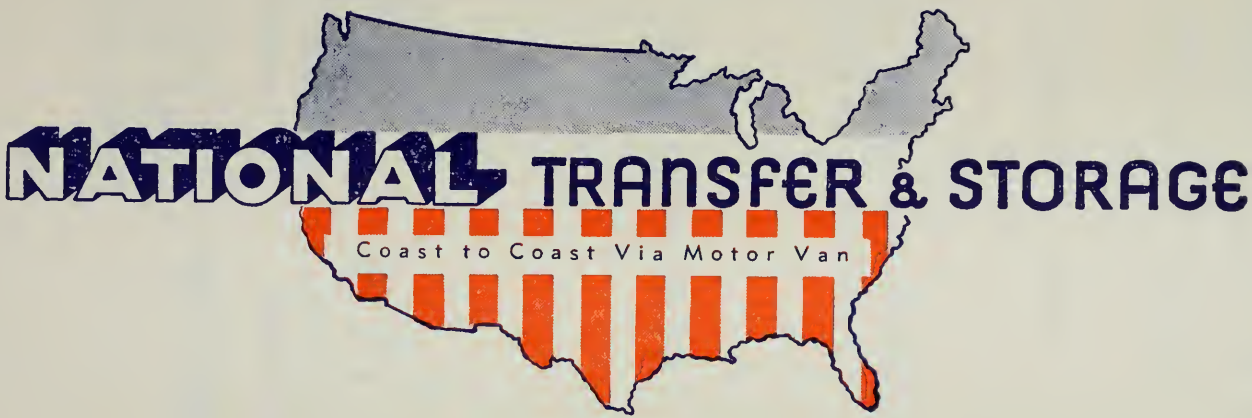


(From Plaintiff's Exhibit 1)

PLAINTIFF'S MARK

(From Plaintiff's Exhibit 7 A)

DEFENDANT'S MARK



(From Plaintiff's Exhibit 1)